

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7114

Joint Petition of Matrix Telecom, Inc. and)
Claricom Networks, LLC, for Approval of a)
Merger)

Order entered: 12/12/2005

I. INTRODUCTION

On September 28, 2005, Matrix Telecom, Inc. ("Matrix"), and Claricom Networks, LLC ("Claricom") (collectively "Petitioners"), jointly filed a Telecommunications Merger and/or Acquisition Request for Approval Form ("Petition") requesting authority from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. §§ 109 and 311, for the merger of Claricom with and into Matrix.

On November 8, 2005, the Vermont Department of Public Service ("Department") filed a letter with the Board recommending the Board approve the transaction because it would not detrimentally impact Vermont consumers or cause them inconvenience or confusion. The Department further recommended the Board approve the Petition without further investigation or hearing.

The Board has reviewed the Petition and the accompanying documents and agrees that approval should be granted without hearing.

II. FINDINGS OF FACT

Based upon the Petition and accompanying documents, we hereby make the following findings of fact.

1. Matrix is authorized to provide telecommunications services in Vermont pursuant to a Certificate of Public Good (CPG No. 107) granted by the Board on September 3, 1992. Petition at 1.
2. Claricom is authorized to provide telecommunications services in Vermont pursuant to a Certificate of Public Good (CPG No. 534) granted by the Board on February 2, 2000. Petition at 1.

3. Pursuant to a corporate reorganization, Claricom will merge with and into Matrix, with Matrix as the surviving entity. Petition at Attachment.

4. Following the merger, Claricom's customers will be served by Matrix. No changes to the rates and services offered to Claricom's customers are contemplated. Accordingly, the transactions will not cause any inconvenience for Vermont consumers. Petition at 2-3, and Attachment.

5. Claricom plans to surrender its CPG following completion of the merger transaction. Petition at Attachment.

6. The proposed transaction will allow Matrix to realize significant economic and marketing efficiencies which should allow the company the opportunity to strengthen its position in the Vermont telecommunications marketplace, thereby, strengthening competition for telecommunications services and promoting the public interest. Petition at 3-4, and Attachment.

III. DISCUSSION

The proposed transaction requires approval by the Board under 30 V.S.A. §§ 109 and 311. The statutes condition approval of a merger upon a finding that the merger or sale of assets will promote the public good (30 V.S.A. § 109) and will not obstruct or prevent competition (30 V.S.A. § 311). These standards are met in this case.

Pursuant to 30 V.S.A. § 109, "a foreign corporation subject to the jurisdiction of the [Board], shall not make a sale . . . in any one calendar year constituting ten percent or more of the company's property located within this state . . . nor merge nor consolidate . . ." without approval of the Board. 30 V.S.A. § 311 states that "[a] consolidation or merger . . . shall not become effective without the approval of the [Board] . . ." In order to approve the sale of assets, the Board must first find that it will "promote the general good of the state." 30 V.S.A. § 109.

After reviewing the Petition, we conclude that 30 V.S.A. §§ 109 and 311 apply to the merger of Claricom into Matrix, which are both certificated telecommunications carriers in Vermont. We further conclude that the merger will not cause undue inconvenience for Vermont customers and allow Claricom's customers to continue uninterrupted service if they so choose. The merger, therefore, will promote the public good. For all of these reasons, we conclude that the proposed transaction meets the standards set forth in 30 V.S.A. §§ 109 and 311 and should be approved.

IV. CONCLUSIONS

The merger of Claricom with and into Matrix should be approved because the transaction will promote the public good of the State of Vermont and will not result in obstructing or preventing competition. 30 V.S.A. §§ 109, 311.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The merger of Claricom Networks, LLC with and into Matrix Telecom, Inc., will promote the public good and, therefore, is approved.
2. Petitioners shall file a letter notifying the Board of the completion of the transaction within one week of such completion.
3. Matrix Telecom, Inc., shall file a proposed tariff incorporating Claricom Networks, LLC's intrastate services within 30 days of this Order.
4. A Certificate of Consent to the merger of Claricom Networks, LLC with and into Matrix Telecom, Inc., shall be issued.
5. Claricom Networks, LLC should file a petition with the Board formally requesting revocation of its CPG following completion of the merger transaction.

Dated at Montpelier, Vermont, this 12th day of December, 2005.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

Filed: December 12, 2005

Attest: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.